

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6261

BILL NUMBER: SB 485

NOTE PREPARED: Jan 18, 2009

BILL AMENDED:

SUBJECT: County Employment Opportunity Fee.

FIRST AUTHOR: Sen. Buck

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill authorizes a county council to impose a county employment opportunity fee upon nonresident individuals who work in the county. It provides that the fee may not exceed 0.25% of the individual's adjusted gross income derived from the qualified individual's principal place of business or employment. It also provides that the fee revenue must be used for economic development purposes. The bill permits the fee revenue to be pledged to repay bonds or lease rentals. It permits the county employment opportunity fee to be captured or used for various economic development programs. It also permits the state to intercept the fees for noncompliance with certain data requirements.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR will incur additional expenses to revise tax forms, instructions, and computer programs to implement collection of the county employment opportunity fee. The DOR's current level of resources should be sufficient to implement these requirements.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *County Employment Opportunity Fee:* The bill permits a county to impose the employment opportunity fee beginning October 1, 2009. The fee applies to individuals who are not residents of a county imposing the fee, but whose principal place of business or employment is located in that county. The maximum rate at which the fee may be imposed is 0.25%.

The employment opportunity fee is effective from October 1st to September 30th. To impose, increase or decrease, or rescind the fee effective October 1st, a county council must adopt an ordinance to do so between March 31st and August 1st of the same year. The fee remains in effect until rescinded by the county council.

The bill provides that revenue from the employment opportunity fee be used for economic development projects including: (1) the construction or acquisition of capital projects; (2) the retirement of bonds issued for a capital project; (3) the payment of lease rentals; or (4) operating expenses of a governmental entity that plans or implements economic development.

The table below provides estimates for each county of the potential annual yield from a 0.25% employment opportunity fee. These estimates are based on taxable income reported on individual income tax returns tax year 2006 (the most recent year available). The potential revenue that could be generated by the fee may vary above or below these estimates depending on changes over time in employment and commuting patterns in individual counties.

County	County Employment Opportunity Fee		County	County Employment Opportunity Fee
Adams	\$ 191,000		Lawrence	\$ 175,000
Allen	1,920,000		Madison	595,000
Bartholomew	826,000		Marion	18,686,000
Benton	46,000		Marshall	266,000
Blackford	74,000		Martin	369,000
Boone	385,000		Miami	154,000
Brown	37,000		Monroe	885,000
Carroll	75,000		Montgomery	242,000
Cass	168,000		Morgan	261,000
Clark	614,000		Newton	79,000
Clay	98,000		Noble	339,000
Clinton	162,000		Ohio	54,000
Crawford	27,000		Orange	73,000
Daviess	98,000		Owen	79,000
Dearborn	190,000		Parke	46,000
Decatur	228,000		Perry	72,000
DeKalb	429,000		Pike	83,000
Delaware	609,000		Porter	977,000
Dubois	478,000		Posey	222,000
Elkhart	2,029,000		Pulaski	67,000
Fayette	125,000		Putnam	207,000
Floyd	534,000		Randolph	67,000
Fountain	83,000		Ripley	267,000
Franklin	80,000		Rush	103,000
Fulton	86,000		St. Joseph	1,161,000
Gibson	594,000		Scott	93,000
Grant	337,000		Shelby	318,000
Greene	107,000		Spencer	118,000
Hamilton	2,338,000		Starke	60,000
Hancock	471,000		Steuben	126,000
Harrison	149,000		Sullivan	70,000

County	County Employment Opportunity Fee		County	County Employment Opportunity Fee
Hendricks	905,000		Switzerland	31,000
Henry	172,000		Tippecanoe	1,190,000
Howard	1,158,000		Tipton	93,000
Huntington	211,000		Union	27,000
Jackson	313,000		Vanderburgh	2,223,000
Jasper	168,000		Vermillion	163,000
Jay	83,000		Vigo	870,000
Jefferson	193,000		Wabash	158,000
Jennings	101,000		Warren	38,000
Johnson	818,000		Warrick	270,000
Knox	184,000		Washington	59,000
Kosciusko	504,000		Wayne	251,000
LaGrange	223,000		Wells	186,000
Lake	3,086,000		White	128,000
LaPorte	512,000		Whitley	228,000

State Agencies Affected: DOR; State Budget Agency.

Local Agencies Affected: Counties.

Information Sources: OFMA Income Tax database, 2006.

Fiscal Analyst: Jim Landers, 317-232-9869.

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Boone	\$ 385,000		Miami	\$ 154,000
Brown	\$ 37,000		Monroe	\$ 885,000
Carroll	\$ 75,000		Montgomery	\$ 242,000
Cass	\$ 168,000		Morgan	\$ 261,000
Clark	\$ 614,000		Newton	\$ 79,000
Clay	\$ 98,000		Noble	\$ 339,000
Clinton	\$ 162,000		Ohio	\$ 54,000
Crawford	\$ 27,000		Orange	\$ 73,000
Daviess	\$ 98,000		Owen	\$ 79,000
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Fountain	\$ 83,000		Ripley	\$ 267,000
Franklin	\$ 80,000		Rush	\$ 103,000
Fulton	\$ 86,000		St. Joseph	\$ 1,161,000
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Jasper	\$ 168,000		Vermillion	\$ 163,000
Jay	\$ 83,000		Vigo	\$ 870,000
Jefferson	\$ 193,000		Wabash	\$ 158,000
Jennings	\$ 101,000		Warren	\$ 38,000
Johnson	\$ 818,000		Warrick	\$ 270,000

State Agencies Affected: Department of State Revenue; State Budget Agency.

Local Agencies Affected: Counties.

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